"A Comparative Study of Financial and Operational Performance among Public, Private and Foreign banks in India"

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Introduction –

The economic growth and development of any country is depending on the extent of mobilization of resources, investment and the operational efficiency and economic discipline displayed by the various segments of the economy. Money has been part of human from at least past 5000 years before that bartering system was exist, example a farmer may exchange a bag of wheat for a pair shoes but this was time consuming exchange and requires mutual exchange. Later on a type of currency developed from gold coins to printed currency due to which exchange becomes easy. Banks were opened to safeguard the money of people in the form of currency and coins also these banks cater various services to depositor in terms of serving interests and short term advances.

Banking is a trust-based relationship. This relationship between a banker and a customer depends on the type of transaction. Thus the relationship is based on contract, and certain terms and conditions. Examples general relationship, debtor creditor vice-versa Etc. Indian banking is governed by various acts of parliament such as banking regulation act ,Reserve Bank of India act whose function is controlling supervisory and minting. Banks in India are Classified As Commercial banks include Public, Private, foreign banks. Other classification is Small finance banks, payment banks, Cooperative banks. In 1991 Government opt LPG liberalisation privatisation and nationalisation policy. To provide stability and profitability to the Nationalised Public sector Banks, the Government decided to set up a committee under the leadership of Shri. M Narasimham to manage the various reforms in the Indian banking industry. The biggest development was the introduction of Private sector banks in India. RBI gave license to 10 Private sector banks to establish themselves in the country examples are ICICI, HDFCetc. Since then atmosphere of competitions increased in banking sector .The Public sector banks also made managerial and technological changes to compete with these banks. Foreign banks also cater services in India whose bases is mostly on metro cities .Various banking reforms taken place over the last decades by government to make the banking system robust and self-efficient. Government has merged the Government owned banks to 12 numbers so that they could compete with global banks. Example is State bank of India is now India's largest public sector banks competes with global Banks in the world.

India's Banking has performed well in 2008 economic crisis ,where west countries banks were almost had worst bank crisis Indian banking stood very well economically because of which we didn't face heat of economic recession. Hence it is very

evident to gauge the performance of banks and banking system so as to overcome its faults and check for its resilience for future. Our study will mainly focus on Performance checking of banks financially and operationally with the help of its annual reports and financial ratios. Financial performance has been measured using parameters such as Return on assets, operating profit, capital adequacy ratio etc. While operational performance is analysed on the parameters like credit to deposit ratios, profit per employees, Net NPA etc.

The financial and operational performance of banks has a critical effect on the productivity and effectiveness of all economic activities, and is more important to policy makers and economists. Therefore, in our proposed study an attempts will be made to analyse financial and operational performance among public, private and foreign banks and its recent trends like digital banking.

Statement of the Problem –

The assessment financial and operational performance among public, private and foreign banks not only important to propel money from the banks, but it is also fundamental to the prosperity of the economy. Due to present competitive market scenario every bank should be more efficient and productive in their performance. An efficient financial intervention by banks will provide an attribute to the progress of economic recovery by channelizing funds to the various sectors of the economy at lower cost. It will decline in the cost of rendering financial services would be helpful for the financial inclusion initiatives. Therefore, financial and operational performance among public, private and foreign banks critically imputes performance of all the economic function and it is a matter of concern for the policy makers. The crisis in banking sector has focused on the perils of irresponsible banking and this sector wants to improvise their productivity and profitability.. Therefore, there are several views about the relation between the financial reforms and the performance of banks, which calls for an in-depth empirical analysis and it is also important to investigate whether there has been any development, improvement across the Indian banking sector since economic reforms. Many experts through their studies have pointed out the adverse effects of issues related to the bank employees. These issues are directly or indirectly affected on the financial and operational performance of the commercial banks. For the better performance and sustainability, the banks should be free from its financial and operational as well as employee related issues and problems so that, they can financially support to the society better way. Therefore, there is a need of better performance of the banks in terms of finance and operation. Therefore,

proposed study is significant with a view to measure the financial and operational performances. Apart from this it is also significant to take a review about current position of digital payment method, the major challenges and issues in the implementation of digital payment system in bank. Thus, the proposed study will concern with the comprehensive estimation of the Indian commercial banking sector in terms of performance presumes immense significance. Considering the importance of the study we conduct the study under the title –"A comparative study of financial and operational performance among public, private and foreign banks".

I. Review of Literature –

1. **N. Sheshardri and D. P. Kumar, (2016),** have conducted the study to know the efficiency of public and private banks operating in Indian, Through the study authors have explored the bank efficiency in terms of bank sizes and causes of inefficiency with a given level of variables. Through the study authors have attempted to observe the efficiency of public and private commercial banks considering interest income to total asset ratio, total income to total asset ratio, etc.
2. **Vivek Single, (2013),** has focused on the productivity and the reasons thereof with respect to the two public and private sector banks. Through the study author has analysed the broad behaviour of the productivity of private sector banks. Author has concluded that, though the per employee productivity of ICICT bank is far better than other selected private sector bank but per branch productivity of ICICI bank is less than the other selected banks.
3. **Sangita R., (2020),** has attempted to examines the efficiency of public sector banks in India. The study is related to the two different aspects deliberated, that is- technical efficiency of public sector banks and the growth in their productivity. Through the study author has observed that, the technical efficiency of public sector banks ranges between 97% to 100%. The result of the study reveal that public sector banks are working hard to optimize resource utilization.
4. **Vikas Adhegaokar, (2016),** has attempted to measure efficiency in Indian Commercial bank with focus on the nationalized banks. Through the study author has attempted to predict efficiency score with Tobit regression model. Author has examined the efficiency in nationalized banks data envelopment analysis technique in used with constant return to scale and variable return to scale.

5. **S. Chankraborti and S. Sen, (2018),** have conducted study with a view to analyse the performance of public and private sector banks in India during the post reform era. Through the study authors have also attempted to make comparative analysis of performance of public and private sector banks. Through the study authors have observed that, in respect of productivity of public and private sector banks and operating efficiency and financial efficiency there is a difference in the performance of public and private sector banks.
6. **Arun Tawar,(2017),**have conducted study on financial stability of public sector banks, financial ratios were considered for the study the banks were identified best performing in terms of the financial ratios. Implication of the study investor should study important key ratios of any group bankig before taking final investment decision.
7. **Dr.Nandkumar Bodhgire ,(2022),**Measuring performance of digital payments in India, time factor is important for demand in electronic payment. Classification of formation upon which the digital payments are based.
8. **Dr.Nandkumar Bodhgire,(2021)** comparative analysis of the profitability ratios of sbi, icici and hdfc banks in the India. The study concluded HDFC is one of the best performer bank in comparison with SBI and ICICI in terms of Selected Profitability Ratio.

II. Relevance of the Study –

An efficient banking system can leverage the opportunities to overcome the various challenges and problems to the best of their abilities. Considering this fact, it is important to study the performance levels of the commercial banks to formulate for efficiency level of the commercial banks to formulate for effective strategies for their good performance in term of operational and financial efficiency and for their survival. It is equally important to evaluate the correlation between performances of commercial banks. The proposed study compares the performance among the public, private and foreign banks in India. The proposed study is also important with a view to study to recent trends in Indian banking sector. More, significantly the proposed analytical study will be also useful in enabling policy makers to identify the effectiveness and ineffectiveness, success or failure of policy initiatives. The proposed study will be useful with a view to highlight various operational and financial strategies undertaken by the commercial banks.

Apart from this the proposed study will be useful addition to the literature on the selected topic, which is particularly scarce in the context of Indian Commercial banks.

III. Research Gap –

In the proposed study an attempt will be made to analyse the productivity of some selected commercial banks and foreign banks operating in India and to take a review of recent trends in Indian commercial banks from 2010 to 2020; which has not been undertaken so comprehensively in the earlier studies. The earlier studies are related mainly to the specific sector of banks but the proposed study will be related to the public and foreign sector banks and the study of financial performance for the specific years only. There are very few studies have been conducted with a view to evaluate the digital banking system in the commercial banks and foreign banks. Going through the literature review researcher has noticed this gap in various studies. Apart from this there is very few studies which are related to the evaluation of correlation between performance and there are very few studies pertaining to the issues and problems regarding performance of employees. Therefore, on the basis of literature review, discussions with experts, bank officials, researcher has identified the research gap. Researcher has formulated the objectives according to the research gap identified while literature reviews and informal discussions with the experts and bank officials.

IV. Objectives of the Study –

On the basis of importance and literature review some objectives have formulated for the study purpose, which are as follows –

1. To study the performance among banking sectors in India.
2. To compare the performance of public, private and foreign banks in India
3. To identify the factors which has impacts positively or negatively on performance of banking sectors in India.
4. To know the role of digital payment methods in performance of banking sectors in India.
5. To understand the problems regarding banks performance from selected bank employees.

V. Hypothesis of the Study –

1. There is no significant difference among public, private and foreign banks in terms of their performance.
2. There is no significant difference among various digital payment methods in terms of volume.
3. There is no significant difference year wise performance between private and public sector banks in India.
4. Bank employees are not satisfied on the government decision about banking reforms.

VI. Research Methodology –

The proposed study is analytical and descriptive in nature, and methodology followed for the study will include quantitative data which focuses on the various aspects of performance of the selected commercial banks. The proposed study will mainly be based on the secondary information and to some extent primary information. The primary information will be collected through discussions with banking experts, bank officials etc. The primary information will be also collected from the bank officials.

VII. Selection of Sample –

Given the nature of the study the unit of sample and considering the different factors pertaining to the sample unit, the sample for study purpose will be selected, that will be beneficial for the requirements of the study. The sample selection will be on the parameters such as nature of the study, possibility of accessing primary and secondary data and willingness of the respondents (bank officials) by applying convenient sampling method.

Table 1: Tentative Sample Size and Timeline of the study

S.No.	Bank Group	Number of banks considered for the Study	Time period of the study
1.	Public Sector Banks	12	2010-2020
2.	Private Sector Banks	21	2010-2020
3.	Foreign Banks	46	2010-2020
Total		**79**	

VIII. Analysis of Data –

For the fulfilment of the objectives, the primary data will be analysed with the help of pie charts, graphs etc. simple percentile method will be apply for the interpretation of primary information. The hypothesis of the study will be tested by using suitable statistical test method..

Tools for analysis– The following statistical tools will be apply for analysis of performance purpose.

1. Mean and Standard Deviation
2. Correlation and Regression
3. ANOVA

IX. Sources of Data Collection –

The proposed study will be mainly based on secondary data and to some extent based on primary information also.

Secondary data – The required secondary information will he collect through the various study papers, government magazines, periodicals, etc. The information available on the Internet will also be referring for the study.

Primary data – The required primary data will be collect from the respondents (bank officials, experts, etc.) though the well structured interview schedule. The purpose of the primary information is to understand the opinions of the respondents about the financial reforms and its impact on the performance of the selected commercial banks.

X. The Scope of the study –

The proposed study will be related to the performance of the commercial banks operating in India. Actually, such type of study is very vast and can be studied from various angles. Therefore, the scope of the proposed study will be confined to the study of selected Indian commercial banks and foreign banks' performance level.

XI. Limitations of the study –

The results of the proposed study may be bound to be affected due to following limitations-

1. The proposed study will be confined to the public ,private, foreign banks. Therefore, the results may not be generalized to the other sector banks.

2. There may be biased responses from the respondents, which may exist, while filling up interview schedule. However, due care will be taken by the researcher to ensure the accuracy of information provided by the respondents (bank officials).
3. The proposed study will be confined to the years 2010 to 2020.

XII. Tentative chapter scheme of the study report (Structure of the study).

Chapter: 1 – Introduction – This chapter includes introduction to the study, statement of the problem, objectives, hypotheses, Research Methodology, utility and limitations of the study.

Chapter: 2 – Literature review – This chapter will deal with the literature review. The related literature published in domestic as well as foreign journals, magazines, periodicals, government reports, etc. will be review through this chapter, theoretical framework of the study.

Chapter: 3 Comparison of performance by banking sectors in India through financial and operation ratios

Chapter :4-includes factors influence on performance of banking sectors in India

Chapter: 5 – Performance banks – This chapter deal with the analysis of secondary data pertaining to the selected commercial and foreign banks. This chapter will be related to the analysis of the productivity growth, cost efficiency of Indian commercial banks and will focus on the recent trends in Indian commercial banks that is digital banking. This chapter also presents analytical comparison among public, private and foreign banks; in terms of their financial and operational performance.

Chapter:6- Interpretation and analysis of primary information – This chapter deal with the interpretation and analysis of primary information collected from the bank officials, experts, through the Questionnaire

Chapter: 7 – Major findings, Conclusion and suggestions – This chapter will present major findings and conclusions drawn on the basis of interpretation and analysis of primary and secondary information. This chapter will also present some important suggestion.

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